



Montgomery County Council

For Immediate Release

March 19, 2002

FACT SHEET ON EMERGENCY BILL 7-02 – RECORDATION TAX, RATES AND EXEMPTIONS

**N
E
W
S

R
E
L
E
A
S
E**

- Introduced in the Council on Tuesday, March 19, 2002, sponsored by Councilmember Michael Subin, Council President Steve Silverman, and Councilmember Marilyn Praisner.
- The purpose of the bill is to raise more money for school construction while making the County's recordation tax more progressive and thus making lower-priced housing a little more affordable.
- The recordation tax is charged when residential, commercial, and industrial properties change hands and when most mortgages are refinanced.
- The current rate is \$4.40 per \$1000 of the sale price (.44 percent). This legislation would increase the rate to \$9 per \$1000 (.9 percent) and exempts the first \$115,000 for an owner-occupied residence. This is the only exemption allowed by the state law which authorizes counties to levy a recordation tax.
- The effect of this exemption and the higher rate would be to reduce the tax from the current level on owner-occupied homes worth less than \$225,000 – roughly the median price of a single-family house in the County.
- The additional proceeds from this tax would be committed to construct new schools and additions to existing schools.
- Council staff estimates added revenue at about \$10,350,000 in the first year.
- A public hearing will be held on the measure at 7:30 PM on Tuesday, April 23 at the County Council Building.
- If approved, the measure would take effect on July 1, 2002.